

**Letter to FCC making comments to Docket No. 07-45.
Andrew R. Main, President CEO, Shasta.com Redding, CA**

1. Company

- a. Shasta.com is a local Internet Service Provider in Northern California serving a region of approximately 150 square miles. We service approximately 5000 customers in 25 local communities mosting Redding and Chico, California. We have been in business since 1995 and sell dialup 83%, DSL (in urban areas) 15% and Wireless 2%.

2. Community

- a. Our customers are generally rural in nature with the only options for high speed Internet are dialup or DSL from the ILEC.
- b. There are small spots of alternative broadband available through local wireless networks. The quality and availability of wireless services offered are complicated by trees and terrain.
- c. Our customers enjoy doing business with a local company who offers a higher level of service than the ILECs. Many people are confused and frustrated with the new technologies of the Internet and our business put a friendly face on solutions necessary to make the new technologies available to the masses.
- d. For many customers, one form of broadband solution is all that is available to them so they have few providers to chose form
- e. Dialup has become profitable for all ISP's over the last 5 years. It is for most ISP's the mainstay of the profitability of their business. It is rapidly deteriorating as the general population moves to broadband.
- f. ISP's represent 1,000,000 of customers who chose to do business locally and the current environment is rapidly eliminated many ISP's who cannot compete with the ILEC's.

3. Comptetive issues

- a. In our market area (Pacific Bell, SBC, now ATT) the competitive nature of the broadband industry for local ISP's over the last 7 years has been undermined by the ILEC offering DSL service to consumers at prices equalling or less than the wholesale offering price to ISP's.
- b. The early years of DSL was fraught with problems associated with long delay times for consumers and the ILEC making

entry into the wholesale DSL market EXTREMELY difficult for small ISP's. It still remains almost impossible for a local ISP to start up their own DSL services when the ILEC requires multiple layers of service, one, aggregate bandwidth circuits and two, local loop charges for each customer.

- c. The bureaucracy associated with ordering and managing the local loop and resolving billing disputes with the ILEC continues to be challenging for all ISP's
- d. As the ILEC develops additional facilities, the ISP is usually the last to discover new areas of availability because the ILEC will not release that information of new areas until weeks and months have passed wherein they have already aggressively marketed their services into the new area.
- e. The ILEC has required that the customer have phone service with them in order to provide the service, which creates a competitive advantage for them to offer the telephone and internet service together in one package and with one bill.
- f. Frontier Communications has refused to offer us wholesale DSL loops at all in our market area. There is no competition to bandwidth in their territory in Northeastern California. Most of Frontier's Rural customers have NO alternative for broadband but to go with Frontier whose pricing is 3 times that of competing ILECs in the SBC/ATT areas.
- g. In order for us to provide more wireless broadband services, we are faced with local city and county ordinances that often require us to put up expensive Tree Towers (\$175,000 each) which virtually denies us the ability to offer competing services with the ILEC.
- h. The fact that ILEC's have a sunset provision under the current regulations that allows them to deny access to ISP's after 2010 is reason for many ISP's to not even offer DSL because after their investment in acquiring customers, they may be denied from offering the service.
- i. Today we rarely try to switch customers DSL service from the ILEC because we are told that the service will have to be shut down during the switchover for periods up to 5 days and customers don't want to give up the Internet for that long.

2. What to do to fix it

- a. All ILEC's must offer wholesale DSL services at 50% of market price for all levels of service including bandwidth (which costs nothing to the ILEC).
- b. All ILEC's must offer dry copper to the household so customers are not required to have the ILEC's phone service in order to obtain service from the local ISP.

- c. Consumers need to be able to switch to a local DSL provider with a phone call or some other simple process. All that is necessary is to make the billing change effective on an agreed upon timeframe, i.e. 7 days from the date of the request.
- d. There must be a federal mandate to allow local service providers to put up facilities, i.e. towers, for the purpose of offering competitive telecommunication products without expensive local ordinances that restrict the competitiveness of local providers.
- e. Repeal the sunset provision now. Local ISP's are investing in developing services for broadband customers. Their investment may be totally lost come 2011 if the sunset provision is not repealed.
- f. The ILEC's must simplify the ISP's ability